

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2015

Docket No. ACR2015

Reply Comments of Stamps.com
(February 12, 2016)

Stamps.com is the leading provider of PC Postage. It submits these reply comments pursuant to Commission Order No. 2968 (Dec. 30, 2015). We thank the Commission for this opportunity.

These comments address two matters. First, we respond in support of comments of Pitney Bowes on the discount for metered First-Class, which is also available to IBI mail paid with PC Postage. This discount was set at one cent on January 26, 2014 and reduced to one-half cent on May 31, 2015. Second, we argue the Postal Service should take a step beyond the meter rate and provide a discount to recognize pieces that also have cleansed addresses and full Intelligent Mail barcodes.

A. THE METER DISCOUNT IS AN IMPORTANT SIGNAL THAT LEADS TO EFFECTIVE MAIL PREPARATION. IT SHOULD BE MAINTAINED AND RETURNED TO THE ONE-CENT LEVEL.

The meter rate has been available for almost two years. Stamps.com has promoted it, as has, we presume, Pitney Bowes. In its initial comments, Pitney Bowes refers (at 7) to “anecdotal feedback ... confirm[ing] that small and medium-sized businesses increase[d] their postage spend ... or slow[ed] the rate of their mail volume decline in response to” the discount. This is an important outcome, but an even more important outcome is mailers shifting to the use of meters and PC Postage from retail. Such shifting should be expected to be a result of signals in rates. In fact, over a considerable period now, mailers have shown a strong propensity to respond to signals. Such responses not only help the mailers and the Postal Service, they also increase the effectiveness of the mailstream.

In order to learn more about the responses at issue, we surveyed all actively printing Stamps.com customers who signed up to use our service in the ten months after the meter discount was introduced and used it at least 1,000 times.¹ In short, forty-four percent of new customers were aware of the discount when they signed up. Of those, 64 percent said the availability of the discount was either “somewhat important” or “very important” to their purchase decision. Twenty-six percent said the availability of the discount encouraged them to mail more pieces. Sixty-nine percent said the availability of the discount improved their perception of the Postal Service as a businesslike organization. These results provide strong support for the effectiveness of

¹ We provided the results of our survey in our initial comments in Docket No. ACR2014 (February 2, 2015).

the meter discount. We believe restoration of the discount to the one-cent level would improve this effectiveness.

In addition to these effects, customers more and more use our service to purchase postage for mail categories other than Single-Piece First-Class, including significant quantities of Priority. Our service helps mailers see the benefits of shipping with the Postal Service and facilitates doing so.

B. BEYOND THE METER RATE, A DISCOUNT SHOULD BE INTRODUCED FOR QUALIFIED PC POSTAGE.

In its initial comments in Docket No. RM2009-3, Stamps.com clarified a candidate rate category that had been in the works for some time, calling it “Qualified PC Postage” (QPCP). It would be available to machinable Single-Piece First-Class letters, but would have requirements that go beyond those of the meter rate, including: (a) a full IMb, including Serial Numbers, and (b) address verification with the Postal Service’s Address Matching System (AMS) database, which we update monthly. These addresses are often referred to as “cleansed” addresses.

Our service can meet QPCP requirements. But due to the need for extra effort on the part of both the mailer and Stamps.com, very little such mail is now being prepared. The decision to proceed to the QPCP level must be made by the mailer. A discount is needed to encourage the extra effort. The benefit of it would accrue in limited part to the mailer, but mainly to the Postal Service. And because of the small volume at this point, the implications for price cap calculations would be negligible.²

² Stamps.com estimates that only 1.2 percent of our current volume would qualify already for a QPCP rate.

QPCP is an improved version of a shell classification recommended by the Commission in Docket No. R2000-1 for IBIP mail. *Op.* at 272, ¶ 5190. Stamps.com would appreciate the Commission's continued support for such a discount. The benefits are apparent. Its focus would be on small single-piece mailers and small businesses. It would allow tracking and tracing and would support service measurement. Our equipment assures quality printing. The discount need not be rounded to a whole cent. It is consistent with the ratemaking guidance in title 39. Many mailers would move toward it, benefitting all concerned.

C. CONCLUSION

Stamps.com sees the meter discount as a meaningful step in the direction of cost-based rates and efficient signals to mailers. We explain some of its effects in Section A. Also, as we explain in Section B, we support another step, a discount for Qualified PC Postage.

Respectfully submitted,

s/Seth Weisberg

Seth Weisberg
Chief Legal Officer
Stamps.com
1990 E. Grand Avenue
El Segundo, CA 90245-5013
Voice: (310) 482-5808
Fax: (310) 482-5818
sweisberg@stamps.com